

Rev. No. 4340
Cincinnati, Ohio 45201

43/50 OCT 24 1964

Sir or Madam:

Our letter dated [redacted] proposed to deny your application for recognition of exemption under Section 513(c)(2) of the Internal Revenue Code of 1954. This proposal was based on our determination that you were established to hold property for the benefit of the members of the corporation who are private individuals. You are now held liable for property for another organization which is exempt.

You have agreed to this proposal by signing Form 9014, Consent to Proposed Adverse Action. Accordingly, this letter becomes our final determination.

Since you are not exempt, you must file all Federal tax returns required of you by the Internal Revenue Code.

This is a denial letter.

Sincerely yours,

District Director

Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	E.T.					

Internal Revenue Service

District
Director

Department of the Treasury

P.O. Box 2508
Cincinnati, OH 45201

Person to Contact:

Telephone Number:

Refer Reply to:

EP/EO

Date:

SEP 24 1984

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax as an organization described in section 501(c)(2) of the Internal Revenue Code of 1954.

Your application discloses that you were formed [redacted] to hold title to certain real property for the mutual benefit of the members of the Corporation, i.e. for recreational purposes.

Your by-laws further state that your purpose is to provide a roadway for the mutual benefit of all members of the Association and to provide for an area for recreational use for all members. The intention is to promote harmonious use by all members of the areas held for the benefit of the common use of the members.

You derive revenue from membership dues. These funds are used to pay property taxes and other legal fees of the corporation.

Membership consists of the owners of nine specific adjoining lots in Curtis Township, Alcona County, Michigan. You do not hold title and property for the benefit of another non-profit organization.

Section 501(c)(2) of the Internal Revenue Code exempts from Federal income tax:

Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt under this section.

Revenue Ruling 58-566, 1958-2 C.B. 261 states that:

A corporation will not be considered organized as a holding company within the meaning of section 501(c)(2) of the Internal Revenue Code of 1954 where it has broad powers and business purposes far beyond the scope necessary to a holding company. Furthermore, where part of its income is used to reduce indebtedness on property which will ultimately revert to private individuals, it will not be considered as being operated for exempt purposes.

[REDACTED]

You were established to hold property for the benefit of the members of the Corporation who are private individuals. You do not hold title to property for another organization which is exempt.

Therefore, we propose to deny your application for exemption under section 501(c)(2) of the Code. We are also of the opinion that you do not qualify under any other section of the Code.

Since you have not established exemption from Federal income tax, it will be necessary for you to file an annual income tax return on Form 1120.

If you are in agreement with our proposed determination, please sign and return the enclosed Consent to Proposed Adverse Action, Form 6018.

You have the right to protest this proposed determination if you believe that it is incorrect. To protest, you should submit a written appeal giving the facts, law and any other information to support your position as explained in the enclosed Publication 892 (Rev. 7-83), "Exempt Organizations Appeal Procedures of Unagreed Issues." The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the Regional Office, or, if you request, at any mutually convenient District Office. If you are to be represented by someone who is not one of your principal officers, he must file proper power of attorney and otherwise qualify under our Conference and Practice Requirements as set forth in Section 601.502 of the Statement of Procedural Rules. See Treasury Department Circular No. 230.

If we do not hear from you within the time specified, this will become our final determination.

Sincerely yours,

[REDACTED]

[REDACTED]

District Director

Enclosures (2)